

For Immediate Release:

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Contact:

Tina Darwish, (408) 896-1051 cell

“You Paid It, Now Claim It!”

San José Launches Child Care Tax Credit Campaign

Public Education Campaign Unveiled at Smart Start San José Child Care Center

San José – The Dependent Care Tax Credit (DCTC), also known as the child care tax credit, could be money in your pocket if you pay someone to watch your children so you can work.

That’s the message the City of San Jose is urging parents, tax preparers, and child care operators to remember this year as families look for ways to reduce their costs of child care.

The California Budget Project reports that child care is the second highest expense in the family budget. Even though claiming the credit may result in a savings up to 42% on child care costs, only a small percentage of eligible California families claim this credit.

Smart Start San José, the City’s program for increasing the availability and quality of child care and early education, is helping families meet the high cost of child care by raising awareness among working parents that they may be eligible to claim child care expenses on their federal and state tax returns.

"This information is vital to parents of young children," said San José Mayor Ron Gonzales. "Working families can get help, right now, to make quality early childhood care and education more affordable through the child care tax credit."

Gonzales, along with Congressman Mike Honda and representatives from H&R Block and Volunteer Income Tax Assistance, launched the *You Paid It, Now Claim It!* public awareness campaign to encourage families who have paid for child care to claim the federal and state child care tax credit when they file their taxes.

The awareness program was developed with a \$100,000 federal grant. It will also connect families to tax preparation assistance that can help them identify and utilize tax breaks to make child care more affordable.

(more)

“You Paid It, Now Claim It”

Child Care Tax Credit

The amount saved by filing for the child care tax credit depends on the family income, the number of children or dependents in care, and the amount paid for care. Eligible families may use expenses of up to \$3,000 for one child and \$6,000 for two or more children to claim the credit.

This tax credit is available to people who, in order to work or to look for work, pay for child care services for dependents under age 13. To be eligible for the child care tax credit:

- The filer must have earned income from wages, salaries, tips or other employee compensation.
- If married, both parents must have earned income, unless one spouse was either a full-time student or was physically or mentally incapable of self care.
- Filing status must be single, head of household, qualifying widow(er) with a dependent child, or married filing jointly.
- To claim the credit, the care must have been provided for one or more qualifying persons identified on the form.
- Filer (and if married, their spouse) must maintain a home where they live with the qualifying child or dependent.
- The payment for care cannot be paid to someone who is claimed as a dependent on the return or to the filer’s child who is under age 19.
- The name, address and taxpayer identification number of the care provider must be provided.

The following forms should be used to file for the child care tax credit: **Federal Forms**, Part III of Form 244 (Child and Dependent Care Expenses) OR Schedule 2, Form 1040A (Child and Dependent Care Expenses) for 1040A Filers. **California Forms**- Form 3506 to be attached to 540, 540A, or long form 540NR.

Those who are interested in learning more about the child care tax credit may contact the Smart Start San José Child Care Tax Credit Information Line at (408) 817-6838.

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